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SUBJECT: PARAGUAY'S CENTRAL BANK PRESIDENT RESIGNS
AFTER SHOOTING INCIDENT

¶1. Angel Gabriel Gonzalez Caceres, the President of the Central Bank of Paraguay, resigned on April 4 after coming under fire for a shooting incident at his home on March 30. Gonzalez faces a criminal investigation into the incident and although he said he doesn't fear the outcome, he also deemed it inappropriate for the BCP president to be subject to a judicial investigation. Local analysts, including the resident representative of the IMF, do not anticipate any significant policy changes.

¶2. On March 30, near midnight, a group of retired bankers angry over pension cuts showed up in front of Gonzalez's house with a mariachi band, which proceeded to play a Mexican song called "The King." According to the protesters, Gonzalez emerged from his house wearing a bulletproof vest and carrying a handgun. While their versions differ, both the protesters and Gonzalez acknowledge that a shot was fired. One protester reportedly went to the hospital complaining of hearing damage and a public prosecutor is investigating. Gonzalez said repeated protests, some with coffins bearing his name, were traumatizing his children, but apologized for his conduct.

¶3. Some Embassy contacts at the Ministry of Finance expressed relief at the departure of Gonzalez, whom they viewed as a micromanager who had over-personalized the position of central bank president. The interim President will be Venicio Sanchez, the longest-serving member of the Board of Directors. Gonzalez will be in vacation status until President Duarte issues a decree accepting the resignation. President Duarte will nominate a permanent replacement, who must then be approved by the Senate. The normal term for a BCP President is five years. Most past BCP Presidents have been technocrats rather than politicians, but President Duarte's choice of nominee will be instructive.

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